

**SOCIAL ACTION PLANS
2ND REVIEW
DECEMBER 2004**



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Northern Ireland Authority for Energy Regulation

SOCIAL ACTION PLANS FOR ELECTRICITY CUSTOMERS (2nd REVIEW)

1. INTRODUCTION

- 1.1 Ofreg's Social Action Plans (SAPs) ***“Improving Social Obligations -A Proposals Document*** was published in February 2002. A review of progress on social action was carried out in August 2003 with the publication of ***“Social Action Plans -A Review August 2003”***. This publication now ***“Social Action Plans - 2ND Review December 2004”*** continues the review process and provides an update.

2. BACKGROUND

- 2.1 SAPs proposed improvements in the provision of services to disadvantaged customers both in the electricity and gas markets in Northern Ireland. Furthermore, it also considered the position of customers living in rural areas.
- 2.2 SAPs for electricity and gas identified three main areas for action to assist disadvantaged customers. These were:
- reducing prices;
 - protecting customers; and
 - energy efficiency and the environment.

3. DISADVANTAGED CUSTOMERS

Reducing Prices and the Environment

- 3.1 Reducing prices and delivering sustainable benefits to customers remains a high priority for both Ofreg and NIE. Price control agreements in both the Supply and Transmission and Distribution businesses are delivering a wide range of financial, social and environmental benefits for customers:
- Since 1992 NIE's domestic tariffs have fallen by 23% in real terms;
 - The 2.8% increase in domestic tariffs in April 2004 was in line with inflation, and was driven by escalating fuel prices; and
 - 132,000 homes are reaping the rewards of Home Energy Direct, NIE's innovative “Keypad” metering option.

Customers and the environment have benefited from:

- *Investment in renewable energy technologies, helping to pump prime the market and reduce environmental impact;

- *Access to a renewable energy tariff, Eco Energy, at no additional cost; and
- £10million of savings through investment in energy efficiency, additional to the savings delivered through the Energy Efficiency Levy Programme.

Time of Day Trial

3.2 This innovative initiative commenced in 2003 with NIE, the Housing Executive and the University of Ulster combining. Work is currently underway with Keypad meter customers to discover if peak electricity demand could be managed by offering customers different rates for their electricity at different times of the day. When there is a high demand for electricity during the day, particularly during the peak time between 4pm to 7pm, it is more expensive to buy electricity from the power stations than is reflected in the Home Energy unit rate that domestic customers pay. This Time of Day trial aims to lower electricity costs for customers and to ultimately save money by encouraging them to use electricity when it is cheapest. Final reporting on the trial should be complete towards the end of 2005.

Protecting Customers

3.3 NIE offers a Critical Care Information service to customers who are dependant on life supporting electrical equipment.

3.4 An innovative initiative to address energy efficiency for Critical Care customers was piloted in the Downpatrick area during 2003 by NIE. For all customers in this area a home visit from a qualified energy advisor was offered.

3.5 During the visit the following information and services were provided:

- A “home-energy check” was carried out and referrals made to the appropriate Energy Efficiency grant agency;
- Advice was given on electricity payment options available to customers; and
- Customers are encouraged to have an” emergency plan” in place to cope, in the event of an extended power cut.

3.6 MLA for the area Eddie McGrady said “ *many customers on the critical care register are in a vulnerable position, financially and physically and the scheme will not only help them save money, it will also help their well being*”. NIE is extending this scheme on a phased basis and work has started in the Lisburn and Omagh districts.

3.7 This work has, to date, seen an uptake of approximately 25% from the eligible households contacted in these districts. The successful extension of this initial pilot project has shown an ongoing commitment to those customers on the critical care register who are in a vulnerable position.

Special Services

3.8 NIE offers a number of *special services* to customers who are elderly or disabled. The

services provided are promoted by a number of NIE's partners including Citizens Advice Bureaux, Independent Advice Centres and the Energy Efficiency Advice Centres. As many of these customers may be entitled to help with energy efficiency measures, all Customer Care Register customers have been sent information on the Warm Homes Scheme.

- 3.9 Following a NIE mail shot to customers on the Customer Care Register (approximately 2,800), many responded and were, as a consequence, able to benefit from the Warm Homes Scheme.
- 3.10 The table below details the services customers can benefit from and the numbers currently registered.

SERVICE TO CUSTOMER	NUMBER ON REGISTER
Doorstep service	2557
Total on Customer Care Register	2557
Total on Critical Care Register	2678
Carers contact details (both registers)	3289
Talking Bill	96
Braille	22
Large Print Bill	188
Password Scheme	594

Password Scheme

- 3.11 One of the services which has gained NIE much recognition is the password scheme. The scheme encourages customers to provide NIE with a password, which NIE staff will use when they call with the customer.
- 3.12 In addition, NIE were involved with a Government backed television advertising campaign that started earlier this year. It highlights the need for people to check the identity of anyone claiming to be from a Utility, before letting them into their home. NIE will also, if necessary, issue press releases warning of bogus callers in an area.

Payment Options

- 3.13 NIE offers a wide range of payment methods to customers and helps them choose a payment scheme that best suits their needs, these include
- Monthly Direct Debit
 - Quarterly Direct Debit
 - Home Energy Direct (Keypad meter)
 - Budget Payment

- Quarterly Credit
- Fuel Direct

3.14 Customers are advised on the most appropriate option for them.

Home Energy Direct

3.15 Home Energy Direct, where customers use a Keypad meter is proving particularly popular with 143,179 customers to date opting for this method of payment, with its many benefits. This is an easy “*Pay as you Go*” way to buy electricity using a Keypad meter. The customer friendly display can help customers reduce their electricity consumption, and a discount of 2.5% off the standard unit rate is given to customers paying by this method.

3.16 Research was carried out on a sample of Keypad customers. The comparison was between customers who paid bills quarterly and then had a Keypad meter installed. A sample of 1 year’s usage before Keypad and 1 year’s purchases after Keypad was used. The research indicated that:

- on average customers using a Keypad meter use almost 4% less electricity.
- 90% of customers find them convenient and easy to use.

3.17 Furthermore NIE advises that:

- 49% of requests for Keypad come from customers not previously using a “Pay as you go meter”
- *Economy 7 Keypad meters are now available.
- *Electricity can be purchased from home using a debit card.
- *Over 1100 payment outlets have long opening hours.
- *Friendly credit is available as a back up supply if a customer runs out of credit during the week or at week-ends (from 4pm to 8am weekdays and all week-end to 8am Monday).

3.18 Discussions are ongoing on bringing forward a special keypad meter for the visually impaired.

Services for Customers in Debt

3.19 NIE’s priority is debt prevention and early detection when customers appear to be experiencing difficulty paying.

- A dedicated team works closely with customers having payment problems to assist

them find a sustainable solution

- The team is trained to offer energy efficiency services.

- 3.20 The number of customers in debt, who are not on a payment plan has been decreasing. This is due to the fact that more of these customers are now using “Pay As You Go” payment methods. Although the number of customers in debt is falling a small percentage still refuse assistance, despite attempts to help them. NIE does not have a disconnection policy for domestic consumers but will install a Keypad meter enabling the customer to continue to access their electricity supply whilst addressing their outstanding debt.
- 3.21 This year NIE assisted the General Consumer Council for Northern Ireland on research into the issue of customer self disconnection. Results of the GCCNI Research are expected to be available shortly.
- 3.22 NIE continues to offer its customers a wide range of payment schemes including the government sponsored “Fuel Direct” arrangement. The number of customers on “Fuel Direct payment method is decreasing each year. There are currently 2,651 customers on Fuel Direct.
- 3.23 NIE carried out a successful promotion in May and September - “*It’s a moving experience*” with the student population and this has helped students to manage their electricity payments.

Powercard Meters

- 3.24 NIE continues with the withdrawal of Powercard Meters, which are then replaced with Keypad Meters.
- 3.25 Every Powercard customer has been written to several times about the withdrawal of the Powercard payment method. At the beginning of October 2004 there were 1.373 Powercard meters still in operation.

Economy 7 Powercards

- 3.26 At the beginning of October 2004 only 935 Economy 7 Powercard Meters were still on site as a result of the changeover to Keypad meters. At the 1st of October there are a total of 13,665 Economy 7 Keypad Meters installed.

Code of Practice

- 3.27 NIE has available its Code of Practice “*NIE in Touch With You*” and a series of Quick Step Guides dealing with a range of customer related issues. These are:
- Making a Complaint

- Paying for Your Electricity
- Paying by Home Energy Direct
- Using Electricity Efficiently in Your Home
- Economy 7 and Services for the Elderly and People with Disabilities.

The code is available in:

- *Large Print
- Audio Cassette
- *CD Rom

3.28 These may be accessed via NIE's website www.nie.co.uk

3.29 The NIE Quick Step Guides and Code of Practice are readily available, either from NIE call centres, Citizen Advice Centres, Energy Efficiency Advice Centres or one of the many events held throughout the Province. The guide "*NIE in Touch with You*" continues to be developed as NIE moves to support ethnic minorities and further languages will be added to NIE's literature. The Quick Step Guides are available in Arabic, Urdu, Irish, Cantonese, French and Portuguese and NIE continues to work with external partners promoting the Code of Practice and Quick Step Guides.

3.30 A wide range of voluntary groups and organisations also benefit from information obtained from NIE, such as the Citizens Advice Bureaux and the Association of Independent Advice Centres (AIAC) for debt counselling and the Code of Practice and Quick Step Guides are sent out to their offices. NIE also supports the CAB Annual Conference and NI Mother and Baby Action (NIMBA), where nursery card thermometers are distributed to NI maternity hospitals. From January to July 2004 nearly 5,800 thermometers have been distributed and 1,519 Quick Step Guides, along with 70 Codes of Practice sent out. These figures show how vital this information source is.

4. Energy Efficiency Advice

4.1 NIE continues to demonstrate its commitment to energy efficiency, through practical assistance, such as the installation of energy efficiency measures and the provision of impartial energy efficiency advice and information. Customers who request information on energy efficiency when phoning NIE, can be forwarded to the Energy Efficiency Advice Centres (EEACs). In the last financial year 750 calls regarding energy efficiency have been referred. NIE has made substantial commitment by funding the EEACs since their inception, almost 10 years ago.

4.2 Being energy efficient can help customers reduce bills, improve the comfort of their home and help the environment. NIE's "Quick Step Guide" on using electricity in your home suggests no cost and low cost ideas for customers and provides details where to

obtain information on grants and special offers.

4.3 NIE has made significant progress in developing a comprehensive energy efficiency advice and information service. As part of this service customers who contact NIE regarding billing queries are given energy efficiency advice and can be referred to the EEACs for more detailed advice on:

- Energy consumption
- *Energy savings measures
- *Available grants
- *A free Home Energy Check

Energy Efficiency Levy

4.4 The Customer Energy Efficiency Levy (EEL) was raised to £5 per customer from April 2002. NIE in conjunction with EST and the Northern Ireland Authority for Energy Regulation (NIAER) has continued to manage the Levy Programme effectively to benefit the most disadvantaged customers and helping to alleviate fuel poverty remains the priority. Energy Efficiency lifetime savings of nearly £96.6m have been delivered by the levy to date and in 2003/04 under the heading of Fuel Poverty Schemes levy expenditure of £2.8m helped contribute to customer benefits of £8.6m.

The Supply Price Control and Energy Efficiency

4.5 Within the current Supply Price Control, NIE has committed to additional investment, leading to £10m of lifetime customer savings through energy efficiency.

4.6 A number of schemes were developed and implemented under the Supply Price Control Energy Efficiency Commitment. These include an insulation cash back, a light bulb offer for Housing Executive tenants and a scheme that encouraged customers to switch to energy efficient natural gas heating systems. NIE and the Authority have recently agreed an extension to the Supply Price Control. This will deliver additional benefits to customers. This includes a further £5.7m customer lifetime savings, through stimulating investment in energy efficiency. This is in addition to the £10m already delivered to customers. Furthermore, NIE have taken a proactive approach in leading the developing market for small scale renewable energy services and domestic and micro Combined Heat and Power (CHP) projects. It is anticipated that 1000 “micro-renewables measures will be installed by year end 2007.

SOCIAL ACTION PLAN FOR GAS CONSUMERS (2nd REVIEW)

5. Reducing Prices

- 5.1 Global volatility in gas prices saw Phoenix Natural Gas increasing prices by 10.8% in October 2003. Phoenix proposed a further increase of 20% in March 2004. However in light of public concern and in view of the fact that the Authority and Phoenix were, at the time, in the process of reviewing the revenue recovery structure within the Phoenix licence, this proposed increase was withdrawn pending the outcome of the negotiations.
- 5.2 The Authority has now agreed a financial structure with Phoenix designed to deliver price stability for that element of the final gas supply price which relates to distribution through the Phoenix network.

6. Protecting Customers

- 6.1 Following representations from the Authority Phoenix Natural Gas produced its Codes of Practice in May 2004. These codes cover six main areas:
- Using gas efficiently in your home
Customers are given advice on how to save money and make their homes more energy efficient
 - Using Gas efficiently in your business
Customers are given advice on how to make financial savings
 - Special services for people with disabilities and older people
Offers a range of services for vulnerable customers
 - Paying for your gas
Various payment options explained
 - Using “Pay as you go” (PAYG) meters
Explains how to use this type of meter and where customers can “top-up” their paypoint card.
 - Making a complaint
Explains how Phoenix will handle a complaint.
- 6.2 Phoenix maintains an Energy Care Register which offers a range of services to customers who are disabled, are elderly or who are vulnerable. Over the past 12 months the Company has been advertising these services by speaking to community groups and will soon be launching a wider publicity campaign. The services on offer are:
- Talking bill

- Free safety check
- Special adaptors for people with disabilities
- Password scheme
- Nominate a person to act on your behalf

7. Gas Development

- 7.1 Natural gas is now available outside 220,000 properties across Phoenix's licenced area with 73,000 connected to the gas network.
- 7.2 As well as offering a turnkey solution to gas customers, Phoenix offers incentives to consumers reducing installation costs and improving the quality of systems by offering a full range of system controls.
- 7.3 BGE are currently in the process of constructing two major new gas pipelines in Northern Ireland. This opens up the opportunity of bringing natural gas distribution and supply further into NI'S hinterland beyond the current Phoenix licence area of Greater Belfast and Larne.
- 7.4 The Authority is also in negotiations with BGE with a view to delivering licences for the distribution and supply of natural gas in the towns on route of the new pipelines.
- 7.5 Phoenix, in conjunction with partners, has been at the forefront in the promotion and development of micro and domestic combined heat and power in Northern Ireland.

8. Rurality and Social Action Plans

- 8.1 The Social Action Plans recognised the unique disadvantages faced by many people living small rural settlements and isolated dwellings.
- 8.2 Whilst the Energy Efficiency Levy has been the main instrument in combatting rural fuel poverty through support for Warm Homes and Hard to Heat Homes schemes, NIE's SMART (Sustainable Management of Assets and Renewable Technology) programme has helped with the development of a potential alternative fuel source - wood pellets, which will shortly go into production from the Enniskillen based BALCAS CHP biomass plant. It is hoped that these wood pellets will become an alternative fuel source to oil and coal in mainly rural areas where the gas network is unlikely to be extended.
- 8.3 Additional funding is available through NIE's SMART programme which makes available grants for projects that promote renewable energy. Already many people living in rural areas have accessed NIE's "Solar Smart" programme which offers homes and business the opportunity to get their hot water from solar panels with up to £1000 grants.

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